

Message Text

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ACTION ARA-20

INFO OCT-01 AF-10 EUR-25 EA-11 NEA-14 ISO-00 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02

FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01

PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

DRC-01 FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01 /237 W

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P R 091450Z MAY 74

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC PRIORITY 6381

INFO AMEMBASSY BEIRUT

AMEMBASSY BRIDGETOWN

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KINGSTON

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY THE HAGUE

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

AMCONSUL CURACAO

AMCONSUL PARAMARIBO

USINT ALGIERS

USINT BAGHDAD

C O N F I D E N T I A L PORT OF SPAIN 1069

E.O. 11652: GDS

TAGS: ENRG TD

SUBJECT: GOTT ANNOUNCES BUY-OUT OF SHELL HOLDINGS IN TRINIDAD

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1. IN A TELEVISED SPEECH EVENING OF MAY 8, PRIME MINISTER ERIC

WILLIAMS ANNOUNCED THAT HIS GOVERNMENT HAS OFFERED TO PURCHASE THE HOLDINGS AND ASSETS OF SHELL IN TRINIDAD (CONSISTING OF SMALL PRODUCING PROPERTIES PLUS A 100,000 B/D CAPACITY REFINERY). WILLIAMS SAID THAT THE GOTT'S OFFER FOLLOWS A LONG PERIOD OF DISCUSSION WITH SHELL OFFICIALS, AND IS THE RESULT OF THE GOTT'S EMPHASIS "ON MORE DYNAMIC DEVELOPMENT AND GREATER LOCAL USE OF OUR RESOURCES."

2. ACCORDING TO THE PRIME MINISTER, PRELIMINARY DISCUSSIONS WITH SHELL WILL COMMENCE ON MAY 9 IN LONDON, TO WORK OUT "HEADS OF AGREEMENT AND IN ORDER TO AVOID DISRUPTION OF REVENUE AND INEVITABLE INTERRUPTION OF EMPLOYMENT." TRINIDAD WILL BE REPRESENTED AT THESE TALKS BY THE HEADS OF THE GOTT'S THREE OIL MISSIONS (WHO RECENTLY COMPLETED FAR-FLUNG TOURS IN LATIN AMERICA, THE NEAR EAST, AND EUROPE-NORTH AMERICA), AND BY DODDRIDGE ALLEYNE, PERMANENT SECRETARY TO THE PRIME MINISTER. FOLLOWING THE LONDON MEETINGS, DETAILED DISCUSSIONS WILL TAKE PLACE IN TRINIDAD. WILLIAMS POINTEDLY NOTED THAT TRINIDAD HAS KEPT OPEC AND "THOSE OF THEIR MEMBERS MOST INTERESTED IN THIS ISSUE" FULLY INFORMED OF THE GOTT'S PROPOSALS AND PLANS.

3. COMMENT: THIS PUBLIC ANNOUNCEMENT BEARS OUT RUMORS WHICH HAVE GAINED CURRENCY DURING THE PAST SEVERAL MONTHS TO THE EFFECT THAT THE GOTT WAS PARTICULARLY DISSATISFIED WITH SHELL FOR ITS RELUCTANCE TO MAKE SIGNIFICANT NEW INVESTMENT IN ITS INSTALLATIONS IN THE DEPRESSED POINT FORTIN AREA. ALTHOUGH NOTHING WAS SAID IN THE PM'S SPEECH, WE UNDERSTAND CONFIDENTIALLY THAT THE US-BASED TESORO PETROLEUM COMPANY (OPERATING IN TRINIDAD AS THE 49 PERCENT JOINT-VENTURE PARTNER WITH THE GOTT IN THE TRINIDAD-TESORO PETROLEUM COMPANY) IS LIKELY TO BE SELECTED TO TAKE OVER OPERATION OF THE SHELL PROPERTIES ON BEHALF OF THE GOTT. PM HAS ALSO STATED PRIVATELY THAT GOTT AND SHELL WILL ENTER ARBITRATION IF NECESSARY TO REACH AGREEMENT RE COMPENSATION FOR SHELL'S HOLDINGS.
MILLER

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